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SUBJECT: DOE SECRETARY CHU AND MOHURD MINISTER JIANG DISCUSS  
ENERGY-EFFICIENT BUILDINGS

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1. (SBU) SUMMARY. At their July 14 meeting in Beijing, Secretary of Energy Steven Chu and Ministry of Housing and Urban-Rural Development (MOHURD) Minister Jiang Weixin discussed energy-efficient buildings. MOHURD officials agreed that energy-efficient standards needed to go beyond design to address operational performance. They noted they had learned from shortcomings of Leadership in Energy and Environmental Design (LEED) standards. In addition to awards for energy-efficient design, they implemented an energy efficiency certification system based on buildings' actual operation. Their star-based rating system can even affect property prices. Chinese officials are seeking to implement similar performance-based incentives to energy services companies (ESCs) for retrofitting old buildings. MOHURD also introduced their Shenzhen pilot project for on-line monitoring of large energy users. At the meeting DOE Assistant Secretary for Policy and International Affairs, David Sandalow, and MOHURD Vice Minister, Qiu Baoxing, signed a Memorandum of Understanding (MOU) between the U.S. DOE and MOHURD for Cooperation in Energy-Efficient Buildings and Communities. Secretary Chu and Minister Jiang concluded by renewing their commitment to further enhance collaboration on energy efficiency. END SUMMARY

2. (SBU) Secretary of Energy Steven Chu met Chinese MOHURD Minister Jiang Weixin and Vice Minister Qiu Baoxing on July 14 in Beijing. Minister Jiang explained that MOHURD had been established in March 2008, after the reorganization of the former Ministry of Construction. The new ministry's mandate includes housing development, subsidized housing, regulation of the real estate market, and urban and rural planning. MOHURD is also heavily involved in improving the energy efficiency of buildings, which is an important part of China's overall energy efficiency plans. In this regard, China hoped to share its own experience to date, but also to learn from U.S. experiences.

3. (SBU) Secretary Chu explained his strong interest in greatly improving energy efficiency, which is why the joint U.S.-China Clean Energy Research Center announced during this visit, will include cooperation on energy efficient buildings. The U.S. experience showed that energy performance could fall short of design expectations. The U.S. was working to develop better design tools, to increase automatic heating and cooling operation, and develop self-optimization capabilities for modern buildings. Part of the U.S. challenge is that contractors frequently do not have sufficient financial incentive to build the most energy-efficient building possible, since buildings are later sold and tenants or future owners bear the operating costs. Chu believes regulation alone

would not be sufficient in the U.S. and was interested in understanding China's successful incentive programs that achieve the desired outcome.

14. (SBU) Vice Minister Qiu Baoxing responded that China also sought to encourage energy efficiency at the design stage, and had established an innovation award for architects. China also evaluated energy efficiency at the operation stage of new buildings, and issued energy efficiency certificates. The Chinese government gave subsidies for use of renewable energy, such as solar or geothermal, in new buildings. Some were lump sum subsidies for the construction of facilities, and some were long term subsidies based on their operation over time. Qiu noted, "In general, the reward for energy-efficient design and operation is a lower energy bill."

15. (SBU) VM Qiu noted that Chinese buildings must obtain energy efficiency certificates, and those that do not meet the national standards cannot be put into use. Buildings that obtain a higher energy efficiency rating can often command a higher market price when sold. In addition to awards, the government also offers subsidies to architects and developers of green buildings.

16. (SBU) Chu acknowledged some of the shortcomings of the Leadership in Energy and Environmental Design (LEED) standards, which are design-based rather than performance-based. VM Qiu noted that China had taken note of the shortcomings of the LEED standards. China separates awards between the design stage and an operational evaluation one year after construction. Energy certificates are issued after the evaluation using a star rating system based on actual performance against the design. In China, several hundred buildings applied for LEED certification. The actual application process is considerably costly, and many LEED buildings only achieve

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a 50 percent energy efficiency rate as is the case in the U.S.

17. (SBU) Secretary Chu inquired about how China ensured the quality of retrofit work, since much of it is invisible to the user. He noted that the U.S. was looking at new technology to allow for thorough inspection of retrofit work. VM Qiu explained that in retrofitting old buildings, China requires re-evaluation one year later to determine if the building performance meets requirements. China is encouraging energy services companies (ESCs) to perform energy retrofitting, and exploring performance-based incentive mechanisms to ensure the ESCs make buildings as energy efficient as possible.

18. (SBU) Minister Jiang also highlighted an energy conservation pilot project in Shenzhen, Guangdong Province. The 500 largest energy consuming buildings are monitored on-line, with statistics tracking their energy consumption and carbon emissions. After an evaluation period, the largest consumers are encouraged to undergo retrofitting. The Shenzhen system is currently deployed in only a few cities, but MOHURD recently featured the system at a national conference in order to promote the system nationwide.

19. (SBU) At the meeting, Assistant Secretary for Policy and International Affairs, David Sandalow, and MOHURD Vice Minister, Qiu Baoxing, signed a MOU between the U.S. DOE and MOHURD for Cooperation in Energy-Efficient Buildings and Communities. Secretary Chu and Minister Jiang closed the meeting by expressing their joint desire for expanding cooperation on policy and new technologies related to energy efficiency.

10. (U) Secretaries Chu's delegation did not have the opportunity to clear this message before departing.

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